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July 15, 2003

Marlene Dortch
Secretary
Federal Communications Commission
445 12 St., S.W.
Washington, D.C. 20554

**Re: Ex Parte, Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the
Telecommunications Act of 1996, CC Docket No. 96-128.**

Dear Ms. Dortch:

On July 14, 2003, Larry Fenster and Rick Whitt from MCI, and Michael DeSanctis from Jenner & Block met with Jeff Carlisle, Josh Swift, Greg Cooke, Rob Tanner, Darryl Cooper, Henry Thaggert and Jack Yachbes of the Wireline Competition Bureau to discuss the basis on which MCI's recent \$.43 payphone compensation surcharge was calculated. The points made in the attached PowerPoint slide presentation were discussed.

We also discussed MCI's proposal, contained in its Comments and Reply Comments in the Further Notice of Proposed Rulemaking Proceeding, CC Docket No. 96-128, to allow a switched-based reseller (SBR) to directly compensate payphone service providers (PSPs) if an independent third party, such as PriceWaterhouseCoopers, Ernst & Young, or KPMG, verifies the reliability of its payphone compensation system. MCI's proposal also allowed a first switch interexchange carrier (FS-IXC) to surcharge SBRs according to the answer supervision messages it receives as long as an SBR has not qualified to directly compensate PSPs. MCI's proposal would also require FS-IXCs to provide PSPs

the volume of calls routed to each qualifying SBR according to a dial around number for each payphone as a means of assisting PSPs to determine that they are being fairly compensated when being directly compensated by SBRs.

If you have any questions please contact me at the number listed above.

Sincerely,

Larry Fenster

Larry Fenster

cc: Jeff Carlisle
Josh Swift
Greg Cooke
Rob Tanner
Darryl Cooper
Henry Thaggert
Jack Yachbes